A M E N D M E N T S   T O   T H E   C L A I M S

This listing of claims will replace all prior versions, and listings, of claims in the application:

1. (Previously presented) A method to facilitate analysis of a commercial mortgage backed security portfolio, comprising:

determining base information associated with a commercial mortgage backed security portfolio associated with a plurality of mortgage loans;

determining information associated with an additional mortgage loan to be added to the portfolio in accordance with a contribution of the additional mortgage loan to the portfolio, including at least one desired profitability value for the additional mortgage loan; and

calculating the loan spread associated with the additional mortgage loan in accordance with a contribution of the additional mortgage loan to the portfolio.

transmitting to a user terminal at least one loan spread value associated with the additional mortgage loan in accordance with a contribution of the additional mortgage loan to the portfolio via a communication network.

2. (Withdrawn)   The method of claim 1, wherein the user terminal comprises a personal computer and the communication network comprises the Internet.

3. (Withdrawn)   The method of claim 2, wherein said transmitting is adapted to display a matrix of loan spread values associated with at least one of: a plurality of property types, a plurality of debt service coverage ratios, a plurality of loan to values, and a plurality of loan term periods.

4. (Withdrawn)   The method of claim 1, wherein said determination of base information comprises at least one of: retrieving pre-stored base information, and receiving the base information from an associated system

5. (Withdrawn)   The method of claim 1, wherein the base information includes at least one of: balance information, loan rate information, loan term information, remaining term information, amortization term information, servicing fee information, payment basis information, payment basis servicing fee information, and calculation of interest reserve information;

6. (Withdrawn)   The method of claim 1, wherein the information associated with the additional mortgage loan includes at least one of: treasury information, swap information, credit rating category spread information, credit rating category size information, price cap information, coupon information, yield information, total flat bond proceed information, collateral balance information, and deal duration information.

7. (Original)   The method of claim 1, further comprising:
calculating the loan spread associated with the additional mortgage loan in accordance with a contribution of the additional mortgage loan to the portfolio.

8. (Original)   The method of claim 7, wherein the portfolio is associated with a plurality of credit rating categories, each credit rating category being associated with a current category size, and wherein said calculating includes:
determining, for the additional mortgage loan, a category size for each credit rating category.

9. (Previously presented) The method of claim 8, wherein the determination of category sizes for the additional mortgage loan is based on at least one of: a property type, a risk value, debt service coverage ratio information, and loan to value information.

10. (Original)   The method of claim 9, further comprising:
adding the category size for the additional mortgage loan to the current category size to determine a combined category size for each credit rating category.

11. (Original)   The method of claim 10, further comprising:

determining an original profitability of the portfolio;

calculating a combined profitability of the portfolio and the additional mortgage loan based on the combined category sizes; and

subtracting the original profitability from the combined profitability to determine a profitability of the additional mortgage loan.

12. (Original)   The method of claim 7, wherein said calculation of the loan spread is an iterative process.

13. (Original)   The method of claim 12, wherein the iterative process includes:

determining a trial loan spread for the additional mortgage loan;

computing a resulting profitability based on the trial spread; and

adjusting the trial loan spread, wherein said computing and adjusting are repeated until the resulting profitability is within a predetermined range of the desired profitability.

14. (Original)   The method of claim 13, wherein said adjusting is based on a duration of the additional mortgage loan.

15. (Original)   The method of claim 14, wherein said adjusting comprises:

determining an original duration of the portfolio;

calculating a combined duration of the portfolio and the additional mortgage loan; and

subtracting the original duration from the combined duration to determine the duration of the additional mortgage loan.

16. (Original)   The method of claim 7, wherein the method is performed for a plurality of desired profitability values to determine a plurality of loan spread values.

4

17. (Original)   The method of claim 7, wherein said calculating is performed via a substantially real-time pricing application.

18. (Original)   The method of claim 7, wherein said calculating is further performed utilizing a function library adapted to generate loan and/or commercial mortgage backed securities cash flows.

19. (Canceled)

20. (Previously presented)   An apparatus adapted to facilitate analysis of a commercial mortgage backed security portfolio, comprising:
a processor; and
a storage device in communication with said processor and storing instructions adapted to be executed by said processor to:
   determine base information associated with a commercial mortgage backed security portfolio associated with a plurality of mortgage loans,
   determine information associated with an additional mortgage loan to be added to the portfolio in accordance with a contribution of the additional mortgage loan to the portfolio, including at least one desired profitability value for the additional mortgage loan, and
   transmit to a user terminal at least one loan spread value associated with the additional mortgage loan via a communication network.

21. (Withdrawn)   The apparatus of claim 20, wherein said storage device further stores at least one of: a portfolio database, a market information database, and a contributory bond sizes database.

22. (Withdrawn)   The apparatus of claim 20, further comprising:
a communication device coupled to said processor and adapted to communicate with at least one of: a user terminal, and a real time pricing server.

23. (Previously presented)   A medium storing instructions adapted to be executed by a processor to perform a method of facilitating analysis of a commercial mortgage backed security portfolio, the method comprising:

determining base information associated with a portfolio associated with a plurality of mortgage loans;

determining information associated with an additional mortgage loan to be added to the portfolio in accordance with a contribution of the additional mortgage loan to the portfolio, including at least one desired profitability value for the additional mortgage loan; and

transmitting to a user terminal at least one loan spread value associated with the additional mortgage loan via a communication network.

24. (Canceled)

25. (Canceled)

R E M A R K S

Claims 1 – 18, 20, and 23 are in the application. Claims 1, 9, 20, and 23 were previously presented; claims 2 – 6, 21, and 22 are withdrawn; claims 19, 24, and 25 are canceled; and claims 7, 8, and 10 – 18 remain unchanged from the original versions thereof. Claims 1, 20, and 23 are the independent claims herein. No new matter has been added to the application as a result of the amendments submitted herein.

Claim Rejections – 35 USC 103(a)

Claims 1, 7 – 18, 20, and 23 were rejected under 35 USC 103(a) as being unpatentable over Freeman et al., U.S. 6,249,775 (hereinafter, Freeman). This rejection is respectfully traversed.

Applicant's claims 1 and 7 – 18 relate to a method to facilitate analysis of a commercial backed security (CMBS) portfolio. The recited method of independent claim 1 provides determining information associated with <u>an additional mortgage loan to be added to the portfolio in accordance with a contribution of the additional mortgage loan to the portfolio</u>, including at least one desired profitability value for the additional mortgage loan; calculating the loan spread <u>associated with the additional mortgage loan</u> in accordance with a contribution of the additional mortgage loan to the portfolio; and transmitting to a user terminal at least one loan spread value <u>associated with the additional mortgage loan </u>in accordance with a contribution of the additional mortgage loan to the portfolio via a communication network. Clearly, the claimed method recites and relates to determining information associated with an additional mortgage loan to be added to the portfolio in accordance with a contribution of the additional mortgage loan to the portfolio.

Contrary to Applicant's claims, the cited and relied upon combination of Freeman and Official Notice fails to disclose or suggest Applicants' claimed invention. In particular, the cited and relied upon Freeman fails to disclose or suggest, at least,

Applicant's claimed determining information associated with an additional mortgage loan to be added to the portfolio in accordance with a contribution of the additional mortgage loan to the portfolio, determining information associated with the additional mortgage loan to be added to the portfolio, and calculating the loan spread associated with the additional mortgage loan. Instead, Freeman discloses,

> The system of the invention produces an analysis of the past performance of loan portfolios, as well as an indication of the future performance thereof in two different formats.

> As to past performance, the invention develops the loan vintages in a manner such that vintages of different years can be compared to one another meaningfully because the loan units in each of the different vintages are actually of the same comparative ages. For example, when 1993 and 1994 loan vintages are compared, the loans units that are being compared are of the same age to provide more meaningful comparisons. This is referred to in the ensuing description as the Crus Classes analysis system. In one embodiment of the Crus Classes system, output results are graphically depicted by means of a curve which represents the difference between the delinquency rates of loans in the two yearly vintages. To improve the reliability of the results, an area of uncertainty is superimposed over the difference to allow users to focus their analysis on those locations on the difference plot which lies outside the area of uncertainty. This increases the reliability of the analysis and the ability to trust its results. The area of uncertainty can be calculated as a +1 and -1 standard deviation, but the actual size thereof is a matter of personal choice.

> The early warning system (EWS) constituent of the invention is one of the systems and processes which predicts the percentage of the loans in a given loan vintage which are likely to enter a "bad" state within a predefined forward looking time window, for example, the next two years. The prediction is calculated by using a logistic regression formula which has been developed in part on the basis of the analytic results obtained from the Crus Classes analysis component of the invention.

> Finally, the so-called matrix link component of the present invention is generally similar to the aforementioned early warning system in that it is a prediction tool. It differs from the early warning system in the respect that it is capable of forecasting the percentage of loans that are likely to be bad at a date certain within the aforementioned forward looking time window. (emphasis added) (See Freeman, col. 3, ln. 13 -60)

Thus, it is clear that the disclosed Freeman system and method produces an analysis of past performance. Additionally, the predictive tools of Freeman (e.g., the "EWS" and the "matrix link component") provide predictive indicators based on loan vintages. Loan vintages are disclosed as groupings of <u>past loans</u> having origination dates that are on average of the same age. Again, Freeman discloses a method and system based on an analysis of past loans. That is, loans previously included in a portfolio for which a historical performance history is known

Freeman clearly differs from the claimed method since Applicant's claims relate to "an additional mortgage loan to be added to the portfolio", whereas Freeman is based on past performance (i.e., historical data) of past loans (i.e., vintages).

Thus, it is clear that Freeman does not disclose or suggest the claimed method including determining information associated with an additional mortgage loan to be added to the portfolio in accordance with a contribution of the additional mortgage loan to the portfolio.

The Office Action cites and relies upon Freeman for allegedly disclosing all aspects of claim 1 except for transmitting to a user terminal at least one loan spread value associated with the additional mortgage loan via a communication network. For this aspect of the claims, the Office Action cites and relies upon Official Notice.

Applicant respectfully submits that combining the Official Notice with the disclosure of Freeman does not render claim 1 obvious since the Official Notice fails to correct the shortcomings of Freeman.

Accordingly, Applicant respectfully submits that the cited and relied upon Freman and Offical Notice, in combination, do not disclose that for which they were cited and relied upon for disclosing. Combining the disclosure of Freeman with the alleged and relied upon Official Notice of "transmitting" fails to render claim 1 obvious.

Therefore, Applicant respectfully submits that claim 1 is patentable over the cited and relied upon Freeman and Official Notice under 35 USC 103(a) for at least the reasons discussed above. Furthermore, claims 7 - 18 depend from claim 1. Applicant